



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.

**SUBJECT: AIRPORT EXPANSION-  
ECONOMIC IMPACT OF  
OPERATIONS**

**DATE:** May 20, 2008

Approved

Date

5/22/08

## BACKGROUND

At the Transportation and Aviation Service capital budget discussion with Council on May 15, 2008 Councilman Cortese requested additional information related to the economic impact generated by the operation of the Airport. In addition, it was noted that an Airport economic impact study was completed in 1998, and since current passenger activity is similar to 1998 levels, the results from this study may, or may not, be relevant today. It was requested that staff evaluate options for updating the 1998 study.

## ANALYSIS

The 1998 study, conducted by Martin Associates of Pennsylvania, which specializes in airport economic studies, was completed at a time when Airport activity was at 10.5 million annual passengers. Current year to date activity is trending toward a comparable 10.7 million annual passengers for 2008. The key findings of the 1998 study were:

- The Airport generated 74,930 jobs in the San Jose area
- The Airport generated \$4.2 billion in direct business revenue (1998 dollars)
- The Airport generated \$2.0 billion in personal income (1998 dollars)
- State and local government received an estimated \$471 million in tax revenue as a result of Airport activity (1998 dollars)

The 1998 report noted that air carrier activity is the dominant contributor to the Airport's economic impact, particularly from the expenditures of visiting air passengers. Air cargo and general aviation activity also contributed to the San Jose area's economy. Aviation industry conditions have evolved in the intervening 10 years since the study, and an update may reveal shifts in the magnitude of economic impacts.

HONORABLE MAYOR AND CITY COUNCIL

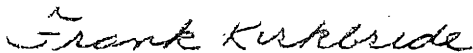
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**ANALYSIS** (CONT'D.)

Staff estimates that the cost of an update will be in the range of \$100,000 to \$150,000, and would take 9-12 months to complete including a new consultant selection process. Airport staff plans to update the airport economic impact study upon completion of the Terminal Area Improvement Program in 2010-11, subject to available funding. Copies of the 1998 study can be made available on request.

*for*   
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Director of Aviation  
Airport Department